

ASSEMBLY BILL

No. 865

Introduced by Assembly Member Ruskin

February 18, 2005

An act to add Section 22064 to the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

AB 865, as introduced, Ruskin. Finance lender exemptions.

Existing law, the California Finance Lenders Law, provides for the licensure and regulation of finance lenders, as defined, by the Commissioner of Corporations and prohibits a person from engaging in the business of a finance lender or broker without a license. The law exempts from its requirements specified categories of organizations.

This bill would exempt from the provisions of the California Finance Lenders Law a program-related investment by a private foundation, tax exempt organization and a loan, guaranty, or investment made by a public charity, tax exempt organization meeting specified requirements.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 22064 is added to the Financial Code, to
- 2 read:
- 3 22064. This division does not apply to the following:
- 4 (a) A program-related investment defined in subdivision (c) of
- 5 Section 4944 of the Internal Revenue Code and United States
- 6 Treasury Regulations Section 53.4944-3 that is made by a private

1 foundation, tax-exempt organization within the meaning of
2 Section 509(a) of the Internal Revenue Code.

3 (b) A loan, guaranty, or investment made by a public charity,
4 tax exempt organization within the meaning of Section 509(a)(1)
5 of the Internal Revenue Code that meets all of the following
6 requirements:

7 (1) The primary purpose of the loan, guaranty, or investment is
8 to accomplish one or more of the exempt purposes of the public
9 charity making the loan, as described in Section 170(c)(2)(B) of
10 the Internal Revenue Code.

11 (2) Neither the production of income nor the appreciation of
12 property is a significant purpose of the loan, guaranty, or
13 investment.

14 (3) No purpose of the loan, guaranty, or investment is to
15 accomplish one or more of the purposes described in Section
16 170(c)(2)(D) of the Internal Revenue Code.